

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2144
ANSWERED ON:06.05.2016
Evasion of Capital Gains Tax
Choudhary Shri Ram Tahal

Will the Minister of FINANCE be pleased to state:

- (a) whether a demand has been made to the Government to take legal action besides imposing follow-up interest and monetary penalty on the companies which have not paid due capital gains tax and if so, the details of the last three financial years;
- (b) whether the Government maintains data regarding imposing interest and penalty on such defaulting companies, if so, the details thereof;
- (c) if not, whether the Government is suffering revenue losses worth crores of rupee as a result thereof, if so, the reaction of the Government in this regard; and
- (d) the corrective steps taken by the Government in this regard?

Answer

ANSWER
MINISTER OF STATE FOR FINANCE
(SHRI JAYANT SINHA)

(a), (b) and (c): Appropriate action against tax evasion, including evasion of tax on capital gains, is an on-going process. Whenever such cases are noticed by the Income Tax Department, appropriate action is taken under direct taxes law. Such action is not dependent upon a demand to be made to the Government. The actions under the Income-tax Act, 1961 include searches, surveys, enquiries, assessment of income, levy of tax, interest & penalty and filing of prosecution complaints before criminal courts, wherever applicable. Such tax, interest and penalty form part of the total liability of each assessee and is enforced accordingly. Therefore, separate data for liability on account of tax, interest and penalty attributable to evasion of tax on capital gains is not maintained. Further, disclosure of information regarding specific taxpayers is prohibited except as provided in section 138 of the Income-tax Act, 1961.

(d) Periodic review of the Government's mechanism for taking corrective steps is an on-going process. In recent times, the Government has taken several effective measures, both by way of policy-level initiatives as well as through more effective enforcement action on the ground, to tackle tax evasion. These steps include putting in place robust legislative and administrative frameworks, systems and processes with due focus on capacity building and integration of information and its mining through increasing use of information technology. Major initiatives taken by the Government in the recent past include – (i) Constitution of the Special Investigation Team (SIT) on Black Money under Chairmanship and Vice-Chairmanship of two former Judges of Hon'ble Supreme Court, (ii) Introduction of the Benami Transactions (Prohibition) Amendment Bill, 2015 to amend the Benami Transactions (Prohibition) Act, 1988 with a view to, inter alia, enable confiscation of Benami property and provide for prosecution, (iii) While focusing upon non-intrusive measures, due emphasis on enforcement measures in high impact cases with a view to prosecute the offenders at the earliest possible for credible deterrence against tax evasion, (iv) Initiation of the information technology based 'Project Insight' by the Income Tax Department for strengthening the non-intrusive information driven approach for improving tax compliance and effective utilization of available information, (v) Legislative measures including amendments in the Income-tax Act, 1961.